AIPLA
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

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AIPLA GRATIFIED BY SUPREME COURT BILSKI DECISION
BUSINESS METHODS: PATENTABLE; MACHINE OR TRANSFORMATION: NOT THE ONLY TEST

WASHINGTON, DC – The American Intellectual Property Law Association (AIPLA) is gratified that the Supreme Court in its Bilski decision today continues to interpret the Patent Act as open to the broadest range of subject matter, preserving the incentives for yet unknown areas of innovation.

The Supreme Court opinion in *Bilski vs. Kappos* affirmed the Federal Circuit's judgment that the particular business method in question is indeed ineligible for a patent (Bilski v. Kappos, U.S., No. 08-964, 6/28/10). However, the Court disagreed with the Federal Circuit reasoning. In an opinion by Justice Kennedy, the Court held that, while business methods *per se* are not unpatentable, the process claimed by Bilski was unpatentable as an abstract idea, which the Court has consistently held is not a basis for patentability under the Patent Act, 35 USC §101. Regarding the Federal Circuit's "machine or transformation" test for process patentability, Justice Kennedy's opinion states that, while it may be a useful tool in deciding whether a process is patentable, it is not the sole tool.

AIPLA Executive Director Q. Todd Dickinson stated that "we are generally pleased that the Court's majority today confirmed that broad patent protection is critical to innovation and economic growth." Mr. Dickinson added, "They recognized that the patentability of next generation technology should not be judged by a last century view of the law. This was the position that AIPLA urged in its amicus brief and we are gratified that the Court adopted much of our reasoning."

Background

Generally one can patent any invention as long as it is new, useful, not obvious (i.e., it cannot be obviously derived from something else), and sufficiently disclosed. In extraordinary cases, however, subject matter is excluded from patent protection, with no consideration of whether it is new, useful, or not obvious, if the applicant is attempting to patent a natural phenomenon, a law of nature, or an abstract idea.

AIPLA, like many others filing amicus (i.e., "friend of the court") briefs, believes that excluded subject matter must be kept to a minimum because this is the only way to keep the patent system open to crucial but unforeseen innovations of the future. In our view, the current categories of excludable subject matter—natural phenomenon, laws of nature, and abstract ideas—serve the functions of controlling against overbroad patents and ensuring that the basic tools of science remain in the public domain. However, because the course of technology can take an unexpected path, the threshold test for patentable subject matter ought not to become a barrier to the next life-altering innovation.

The American Intellectual Property Law Association
The American Intellectual Property Law Association is a national bar association of more than 16,000 members engaged in private and corporate practice, in government service, and in academia. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of various fields of law affecting intellectual property. Our members represent both owners and users of intellectual property, and they have a keen interest in a strong and efficient intellectual property system.

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